

# Desk Aid 56: Income and Income Deductions

Income Source	Non- MAGI Medi-Cal	MAGI Medi-Cal	APTC
<b>Employee compensation:</b> (wages, salary, tips, bonuses, awards, and fringe benefits)	Count 1040 line 7	Count 1040 line 7	Count 1040 line 7
<b>Interest income:</b> (taxable and non-taxable)	Count 1040 line 8a and 8b	Count 1040 line 8a and 8b	Count 1040 line 8a and 8b
<b>Ordinary dividends:</b>	Count 1040 line 9a	Count 1040 line 9a	Count 1040 line 9a
<b>Taxable refunds, offsets:</b>	Not counted	Count 1040 line 10	Count 1040 line 10
<b>Alimony received:</b>	Count 1040 line 11	Count 1040 line 11	Count 1040 line 11
<b>Business income:</b> (sole proprietorship)	Count 1040 line 12 (sch. C or C-EZ)	Count 1040 line 12 (sch. C or C-EZ)	Count 1040 line 12 (sch. C or C-EZ)
<b>Capital gains:</b> (sale of non-business assets)	Not counted as income. Treated as conversion of asset/ property	Count 1040 line 13 (sch. D)	Count 1040 line 13 (sch. D)
<b>Other gains:</b> (sale of assets used in trade or business)	Not counted as income. Treated as conversion of asset/ property	Count 1040 line 14 (form 4797)	Count 1040 line 14 (form 4797)
<b>IRA distributions:</b>	Count 1040 line 15b	Count 1040 line 15b	Count 1040 line 15b
<b>Pension and annuities:</b>	Count 1040 line 16b	Count 1040 line 16b	Count 1040 line 16b

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<b>Rental real estate:</b> (AI/ AN exemptions, page 6)	Count 1040 line 17 (sch. E)	Count 1040 line 17 (sch. E)	Count 1040 line 17 (sch. E)
<b>Royalties:</b> (AI/ AN exemptions, page 6)	Count line 17 (sch. E)	Count line 17 (sch. E)	Count line 17 (sch. E)
<b>Partnerships:</b>	Count line 17 (sch. E)	Count line 17 (sch. E)	Count line 17 (sch. E)
<b>S- Corporations:</b>	Count line 17 (sch. E)	Count line 17 (sch. E)	Count line 17 (sch. E)
<b>Trusts:</b> (AI/ AN exemptions, page 6)	Count line 17 (sch. E)	Count line 17 (sch. E)	Count line 17 (sch. E)
<b>Farm income:</b> (AI/ AN exemptions, page 6)	Count line 18 (sch. E)	Count line 18 (sch. F)	Count line 18 (sch. F)
<b>Unemployment compensation:</b>	Count 1040 line 19	Count 1040 line 19	Count 1040 line 19
<b>Social Security benefits:</b> (taxable and non-taxable)	Count 1040 line 20a  Note: some programs exempt disability income	Count 1040 line 20a	Count 1040 line 20a
<b>Other income:</b> (gambling, winnings, lottery winnings, prizes, cancellation of debt, jury duty pay, foreign earned income)	Count 1040 line 21	Count 1040 line 21. May consider some sources as lump sum (gambling, lottery winnings, prizes, cancellation of debt)	Count 1040e line 21

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<b>Other income as “Gift”:</b>	Counted	Not Counted	Not counted
<b>Tax exempt foreign earned income:</b>	Count non-taxable foreign earnings identified on Form 2555 1040 line 21	Count non-taxable foreign earnings identified on Form 2555 1040 line 21	Count non-taxable foreign earnings identified on Form 2555 1040 line 21
<b>Veteran’s disability benefits:</b>	Count Exempt aid and attendance	Not counted	Not counted
<b>Veteran’s pension benefit:</b>	Count	Not counted	Not counted
<b>Veteran’s education benefit:</b>	Various treatments (VEAR, MBIB, 911 MGIB)	Not counted	Not counted
<b>Worker’s compensation:</b>	Count	Not counted	Not counted
<b>Railroad retirement benefits:</b>	Count	Count	Count
<b>SSI benefits:</b>	Not counted. Note: Lump sum retroactive payments are exempt	Not counted	Not counted
<b>Welfare benefits and other public assistance payments:</b>	Not counted	Not counted	Not counted
<b>Foster Care and Adoption Assistance payments:</b>	Generally not counted. Count payment to maintain a room for emergency foster care	Generally not counted. Count payment to maintain a room for emergency foster care	Generally not counted. Count payment to maintain a room for emergency foster care
<b>Military allowances: (BAH/ BAS)</b>	Counted	Not counted	Not counted

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Income Source	Non- MAGI Medi-Cal	MAGI Medi-Cal	APTC
<b>Child support received:</b>	Count Income deductions apply	Not counted	Not counted
<b>Holocaust victims restitution:</b>	Not counted	Not counted	Not counted
<b>Lump sum income:</b> (gambling winnings, lottery winnings, prizes, cancellation of debt, surviving spouse receives salary or wages from decedent's employer)	Count in month received	Count in month received 1040 line 21	Count as annual income 1040 line 21
<b>Lump sum income:</b> (retroactive Social Security and Railroad Retirement benefits)	Count Railroad Retirement benefits in the month received. 1040 line 20a  Note: Lump sum retroactive Social Security benefits are exempt.	Count in month received 1040 line 20a	Count as annual income 1040 line 20a
<b>Education scholarships, awards, fellowship grants:</b> (AI/AN exemptions, page 6)	Count if used for living expenses	Count if used for living expenses	Counted
<b>Unemployment Insurance Benefit (UIB):</b>	Count	Count	Count
<b>State Disability Insurance (SDI):</b>	Count	Count if received in lieu of UIB	Count if received in lieu of UIB
<b>Non-taxable long-term, private disability insurance payments received:</b>	Count	Count only if taxable	Count only if taxable

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Income Source	Non- MAGI Medi-Cal	MAGI Medi-Cal	APTC
AI/ AN exemptions:	Income not counted	Income not counted	Income counted

## American Indian/ Alaska Native (AI/ AN) Exemptions:

- Distributions from Alaska Native Corporations and Settlements Trusts
- Distributions from any property held in trust, subject to federal restrictions, located within the most recent boundaries of a prior Federal reservation, or otherwise under the supervision of the Secretary of the Interior
- Distributions and payments from rents, leases, rights of way, royalties, usage rights, or natural resource extraction had harvest from:
  - Rights of ownership or possession in any lands located within the most recent boundaries of a prior Federal reservation, or otherwise under supervision of the Secretary of the Interior
  - Federally protected rights regarding off-reservation hunting, fishing, gathering, or usage of natural resources
- Distributions resulting from real property ownership interests related to natural resources and improvements:
  - Located on or near a reservation or within the most recent boundaries of a prior Federal reservation; or
  - Resulting from the exercise of federally-protected rights relating to such real property ownership interests
- Payments resulting from ownership interest in or usage rights to items that have a unique religious, spiritual, traditional, or cultural significance or rights that support subsistence or a traditional lifestyle according to applicable Tribal Law or custom
- Student financial aid provided under the Bureau of Indian Affairs education programs



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Income Deduction Source	Non- MAGI Medi-Cal	MAGI Medi-Cal	APTC
<b>Moving expenses:</b>	Not deducted	1040 line 25 Form 3903	1040 line 25 Form 3903
<b>Deductible part of self-employment tax:</b>	Not deducted	1040 line 27 Form SE	1040 line 27 Form SE
<b>Self-employed SEP, Simple, and qualified deduction:</b>	Not deducted	1040 line 28	1040 line 28
<b>Self-employed health insurance deduction:</b>	Deducted	1040 line 29	1040 line 29
<b>Penalty on early withdrawal of savings:</b>	Not deducted	1040 line 30	1040 line 30
<b>Alimony paid:</b>	Deducted	1040 line 31a	1040 line 31a
<b>Child support paid:</b>	Deducted	Not deducted	Not deducted
<b>IRA deduction:</b>	Not deducted	1040 line 32	1040 line 32
<b>Student loan interest:</b>	Not deducted	1040 line 33	1040 line 33
<b>Tuition and fees:</b>	Deducted	1040 line 34 Form 8917	1040 line 34 Form 8917
<b>Domestic production activities:</b>	Not deducted	1040 line 35 Form 8903	1040 line 35 Form 8903
<b>Health Savings Account:</b>	Not deducted	1040 line 25 Form 8889	1040 line 25 From 8889
<b>Educator expenses:</b>	Not deducted	1040 line 23	1040 line 23
<b>Business expenses of reservists, performing artists, etc. :</b>	Not deducted	1040 line 24 Form 2106/ 2061 EZ	1040 line 24 Form 2106/ 2061 EZ
<b>Child care expenses:</b>	Deducted	Not deducted	Not deducted